

DEPARTMENT OF SOCIAL & HEALTH SERVICES

Children and Family Services

The supplemental budget eliminates second year increases funded in the biennial budget for basic foster care rates and increased foster care placements through private agencies. This saves \$2.5 million (\$1.6 million state general fund) and leaves the basic foster care rate at an average of \$420 per month and the average monthly foster care caseload contracted through private agencies at about 1,500.

The budget reduces Family Reconciliation Services (FRS) by about one third, which saves \$1.7 million state general fund. With the remaining funds, the Department will prioritize families and services to avoid placement of children into foster care.

The budget reduces funding for the Therapeutic Child Development Program by 25 percent, saving \$2 million state general fund. This reduction is a result of fewer providers in the Program due to more stringent contract requirements imposed in 2001.

The budget saves \$2.7 million (\$1.9 million state general fund) in program efficiencies. After-hours programs will be centralized and expenditures for travel, equipment, and training will be reduced.

The budget reduces the number of home support specialists by one third or 22 FTE staff. This saves \$625,000 state general fund.

Juvenile Rehabilitation Administration

A total of \$778,000 in additional funding is provided for increased mental health services in the Juvenile Rehabilitation Administration's institutions and community facilities. The Juvenile Rehabilitation Administration will combine this funding with the \$1.1 million provided in the original 2001-03 biennial budget to: increase inpatient and outpatient treatment capacity; provide mental health protocol training to residential staff; and increase mental health professional staff coverage during evening and night-time hours.

Funding in the amount of \$217,000 is provided for new research-based interventions to additional youth as they transition out of institutional settings. Combined with funding provided in the restructuring of parole services, a total of \$945,000 is provided for research-based interventions. The Juvenile Rehabilitation Administration will utilize this funding for juvenile offenders identified as most in need for this type of rehabilitative programming.

A total of \$5.5 million in state and federal funding is reduced due to caseload-related changes in the Juvenile Rehabilitation Administration. Based on the February 2002 forecast, the Juvenile Rehabilitation Administration's residential population is expected to be 97 offenders lower in fiscal year 2002 and 152 offenders lower in fiscal year 2003 than the November 2000 forecasted levels. This results in savings from a reduced need for institutional and community residential beds. Additionally, funding levels are also adjusted for parole and other community services programs to reflect changes in projected workload.

Savings of \$1.5 million are achieved through the closure of Mission Creek Youth Camp, which will be closed by July 2002 and will be mothballed for future use. This closure will reduce the Juvenile Rehabilitation Administration's bed capacity by 60 beds. The closure will result in the relocation of juvenile offenders to other institutions and the relocation of the juvenile offender basic training camp staging area to an existing institution.

The Juvenile Rehabilitation Administration will achieve savings by changing their release policies so that lower-risk offenders serve 115 percent of their minimum sentence as opposed to 145 percent under current practice. In addition to this change, the Juvenile Rehabilitation Administration will work with local juvenile courts to develop

alternative residential placements for approximately 80 to 90 of their lowest-risk youth. These changes are expected to result in a savings of \$1.4 million in state and federal funds.

Savings of \$1.7 million in state and federal funds are achieved by modifying current parole services to juvenile offenders after release from Juvenile Rehabilitation Administration facilities. Specifically, the Juvenile Rehabilitation Administration may take the following steps to improve the effectiveness and cost efficiency of parole services: contract with counties for a greater proportion of parole services; reduce administrative costs related to parole services; reduce the portion of the parole caseload receiving intensive supervision to the statutory required level of 25 percent; provide new research-based interventions to additional youth; increase caseloads of parole counselors; and/or reduce the number of lower-risk youth receiving parole services.

Mental Health

To keep pace with growth in the number of persons enrolled in Medicaid, total funding for community mental health services provided through the Regional Support Networks (RSNs) is increased by \$17 million (2.5 percent) over the level originally budgeted for the biennium. This is in addition to the \$48.5 million (7.8 percent) increase in such funding included in the original 2001-03 appropriation. The cost of this increase is partially offset by:

- Terminating a pilot project that purchases atypical anti-psychotic medications for persons not eligible for them through state medical assistance programs, for a savings of \$2.4 million;
- Reducing administrative expenditures, for a savings of \$0.6 million total funds; and
- Eliminating a number of research and training activities, for a savings of \$0.7 million total funds.

The budget provides a total of \$1.7 million for new community residential and support services for 58 persons who would otherwise be served in the state psychiatric hospitals. This will permit closure of a geriatric ward at Eastern State Hospital by October 2002, for a savings of \$2 million; and closure of 30 "PALS" beds at Western State Hospital by January 2003, for a savings of \$0.7 million. When combined with the four ward closures authorized in the original biennial budget, a total of 178 state hospital beds are to be closed by the end of the 2001-03 biennium, which is about 13 percent of the hospitals' total capacity.

The budget requires RSNs to use \$21.3 million of the approximately \$53 million which they hold in accumulated reserves to provide community mental health services. These services would otherwise need to be paid for with state general funds. RSNs will retain actuarially sufficient risk reserves and will continue to receive advances from the state treasury to cover anticipated cash-flow needs.

Special Commitment Center

Chapter 68, Laws of 2002 (ESSB 6594), includes provisions designed to encourage local jurisdictions to voluntarily work with DSHS to site additional Secure Community Transition Facilities (SCTFs). These facilities are for individuals, civilly committed under the state's sexually violent predator statute, that have progressed enough in their treatment plans to be suitable for this placement. The budget assumes that at least two jurisdictions will work with DSHS. Therefore, \$600,000 is provided for planning, incentive, bonus, and mitigation grants for these communities.

The original 2001-03 budget provided approximately \$2 million for mitigation funding for costs incurred by local governments due to the activities involving residents of the SCTF on McNeil Island. Approximately \$1.4 million of the mitigation funding is eliminated. The remaining \$600,000 is assumed sufficient to cover any increased local government costs associated with the SCTF on McNeil Island. Pursuant to Chapter 12, Laws of 2001, 2nd Special Session (3ESSB 6151), the Department will continue to work towards an agreement with impacted jurisdictions. Additionally, the Special Commitment Center has identified two staff positions in fiscal year 2003 at the SCTF that can be eliminated without impacting operations. The combination of these changes will result in savings of \$1.5 million during the 2001-03 biennium.

Developmental Disabilities

Total funding for persons with developmental disabilities receiving services in their home through Medicaid Personal Care is increased by \$17.7 million (8.5 percent) over the level originally budgeted for the biennium. This is in addition to the \$16.0 million (8.3 percent) increase in such funding provided in the original 2001-03 appropriation.

The budget also provides \$14 million (\$10.3 million state general fund) for fiscal year 2003 to expand access to community services and improve fiscal and program management in the Developmental Disabilities Program. Funding is provided for new residential services, family support, high school transition, caseworkers, and waiver management staff. The funding is intended to settle the *ARC v. Quasim* lawsuit regarding services to developmentally disabled clients.

The budget reduces funding based on the Department's decision to not hire the new case managers provided for in the biennial budget. The decision saved \$5.8 million (\$3.3 million state general fund). Funding provided to address the ARC lawsuit includes money to hire new case managers in fiscal year 2003.

Based on the continued decline in the number of residents in the state Residential Habilitation Centers (RHCs), the budget reduces administrative and support staff at the RHCs. This saves \$2.9 million (\$1.4 million state general fund).

The budget also reduces funding for professional and personal service contracts, for a savings of \$0.9 million state general fund.

Long-Term Care Services

A total of \$2.09 billion is appropriated for the long-term care of an average of 45,000 elderly and disabled adults per month. This is \$186 million (9.8 percent) more than expended upon such services last biennium, but \$55 million less than originally budgeted for the 2001-03 biennium.

The number of persons receiving long-term care is now expected to grow by about 2.5 percent per year this biennium, rather than by the 3.8 percent per year originally budgeted. Other major adjustments include:

- A 115 percent increase in nursing home licensing fees, so that the fees will cover the state's full cost of nursing home inspections and quality assurance. This results in \$2.7 million of reduced state general fund expenditures.
- Eliminating assisted living facility capital payment rates for facilities with low levels of occupancy by state-funded residents, for a state general fund savings of \$1.4 million. Facilities with high levels of occupancy by state-funded residents will continue to receive capital payments.
- Not proceeding with implementation of a new program that would have provided Medicaid-funded in-home care to 200 persons whose incomes are too high to qualify for such services under current rules. This avoids \$1.2 million of new state general fund expenditures.
- Avoiding \$1.3 million of projected state general fund increases through tighter management controls on ancillary support services for persons receiving in-home care and on the manner in which residential facilities are reimbursed during temporary resident absences.

A total of \$5.9 million was appropriated to increase homecare worker wages by 25 cents, to an average of \$7.93 per hour, effective October 1, 2002. The Governor vetoed this increase, and directed the Department to place the appropriation in reserve.

Economic Services

The budget reprograms a portion of the State Supplement Payments (SSP) provided under the federal Supplemental Security Income (SSI) Program, saving \$24 million state general fund in the Economic Services Administration budget. SSP will be provided through the Developmental Disabilities Program to meet the needs of persons striving to live in the community, achieve vocational goals, and continue to live with and be supported by their families. The remaining portion of the SSP funding will be used for payments to current recipients who have

been on SSI since 1973 and persons with an ineligible spouse. This change will not affect the federal benefits provided to SSI recipients.

The budget reduces funding for the General Assistance-Unemployable (GA-U) Program by \$5.4 million state general fund. The savings are based on changes the Department proposed to improve the administration of the Program. This reduction partially offsets the \$16 million increase in the maintenance level adjustment for GA-U caseload growth.

Alcohol and Substance Abuse

The budget saves \$2.6 million state general fund by delaying and reducing drug and alcohol treatment increases funded in the biennial budget. The start up for the involuntary treatment facility in Eastern Washington was delayed until March 2002, saving \$800,000. The \$2.8 million increase in the biennial budget for treatment of persons gravely disabled is delayed and reduced to \$1 million, thus saving \$1.8 million.

The Treatment Accountability for Safe Communities (TASC) Program is reduced by 30 percent, saving \$1 million state general fund.

New funding is provided for treatment of compulsive gambling. Chapter 349, Laws of 2002 authorized the state to participate in a shared lottery game and dedicated \$500,000 of the new revenue to the treatment of compulsive gambling.

Medical Assistance

The supplemental budget increases state funding for Medicaid and other Department of Social and Health Services (DSHS) medical programs by \$100 million (3.8 percent). This is in addition to the \$515 million (25 percent) by which state spending on such programs was already increased over last biennium's level in the original 2001-03 appropriation.

The increased state spending includes: \$8.5 million to settle a lawsuit by hospitals whose certified psychiatric units were paid less than required by DSHS regulations; and \$4.2 million to increase payment rates for physician services by an average of 5 percent and for ambulance services by an average of 25 percent, beginning in the last six months of the biennium. Of the remaining increase, about one-third is due to increased numbers of persons enrolling for services under the existing eligibility standards and about two-thirds is due to higher costs per person covered, particularly in the areas of hospital care and drug costs for the elderly and disabled, and managed care payments for low-income families.

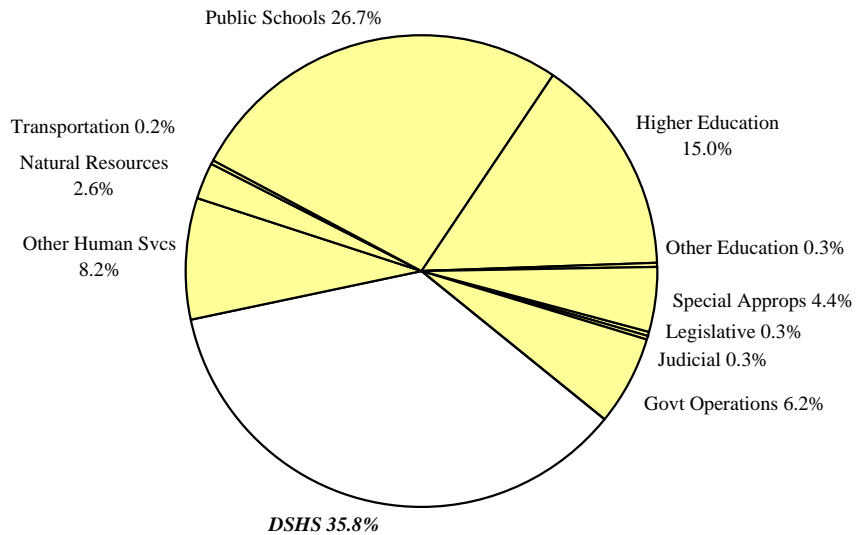
The increases in state spending would have been larger, but for several substantial reductions in medical assistance eligibility and payment rates:

- Beginning in October 2002, immigrants who have legally resided in the United States for less than five years and children whose families cannot document that they are residing here legally will only be eligible for Medical Assistance coverage for emergency conditions. This is expected to reduce state Medical Assistance expenditures by approximately \$23 million during the last nine months of the biennium. These immigrants will instead be encouraged and assisted to enroll in the Basic Health Plan for routine medical coverage.
- A number of administrative changes are expected to reduce enrollment in the GA-U Program by one-third by the end of the biennium, for a savings of \$5.6 million in state Medical Assistance.

Payments to pharmacies for prescription drugs are to be reduced by about 3.5 percent for most drugs and by about 56 percent for the relatively small number of drugs for which there are at least five generic equivalents available. Such rates are comparable to those paid by other major insurers and will result in state fund savings of \$12.9 million. DSHS may continue to pay higher rates for drug ingredients to the extent those are offset by alternative cost-control mechanisms in the pharmacy program.

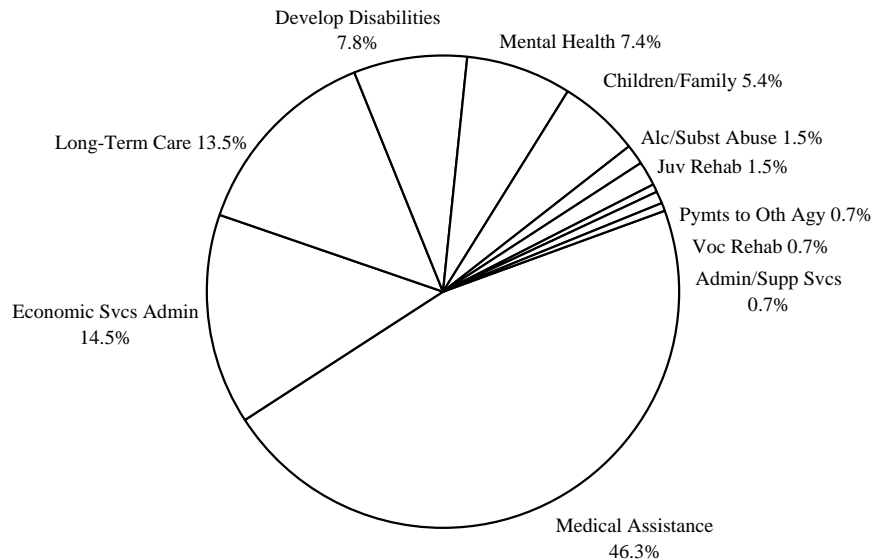
2001-03 Washington State Omnibus Operating Budget
Total Budgeted Funds
(Dollars in Thousands)

Legislative	136,110
Judicial	140,864
Governmental Operations	2,649,413
DSHS	15,437,738
Other Human Services	3,538,947
Natural Resources	1,102,464
Transportation	105,690
Public Schools	11,503,685
Higher Education	6,439,607
Other Education	110,984
Special Appropriations	1,904,368
Statewide Total	43,069,870



Washington State

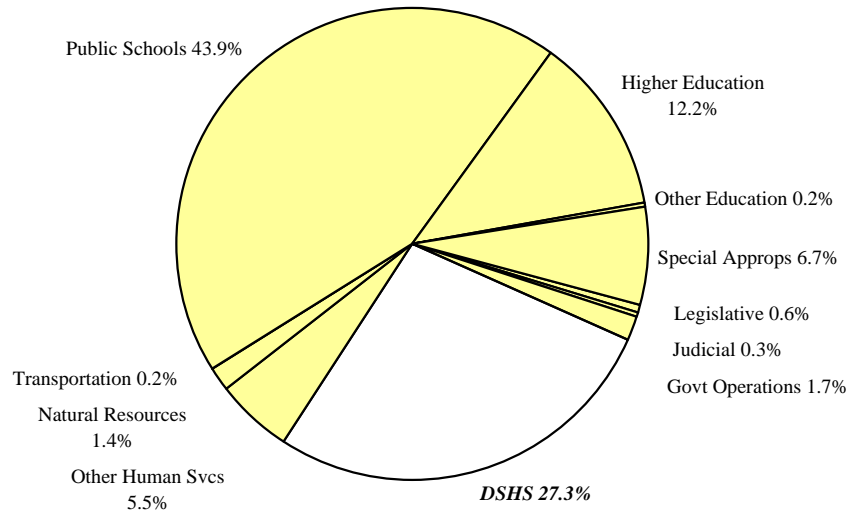
Medical Assistance	7,151,576
Economic Services Admin	2,231,343
Long-Term Care	2,088,762
Developmental Disabilities	1,207,851
Mental Health	1,147,254
Children & Family Svcs	832,552
Alcohol/Subst Abuse	230,878
Juvenile Rehabilitation	230,853
Pmts to Other Agencies	112,771
Vocational Rehabilitation	103,115
Admin/Support Svcs	100,783
DSHS	15,437,738



DSHS

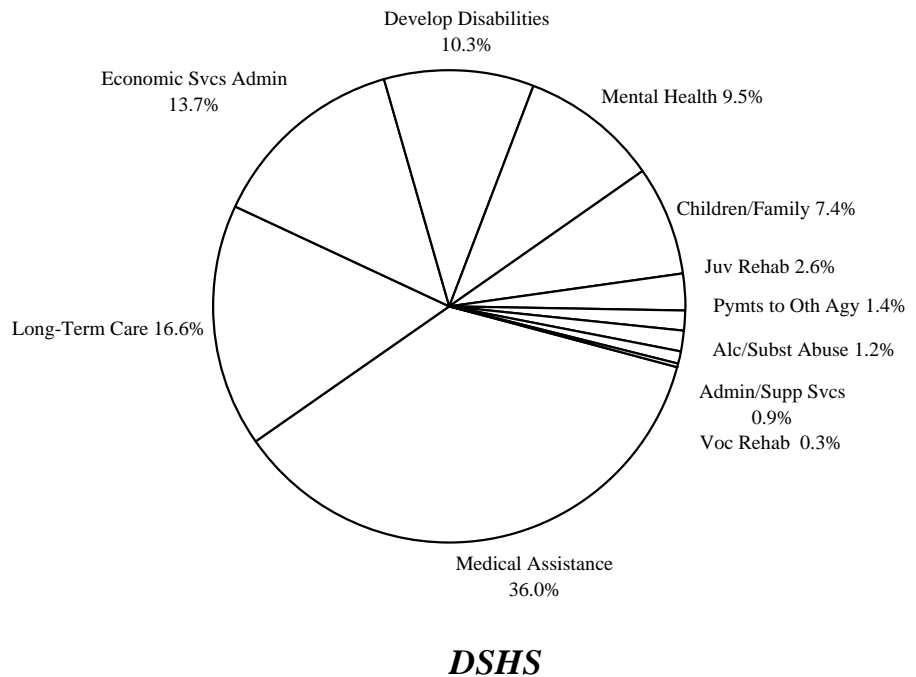
2001-03 Washington State Omnibus Operating Budget
General Fund-State
(Dollars in Thousands)

Legislative	129,818
Judicial	73,294
Governmental Operations	383,769
DSHS	6,126,587
Other Human Services	1,234,610
Natural Resources	315,637
Transportation	40,166
Public Schools	9,854,332
Higher Education	2,731,564
Other Education	54,473
Special Appropriations	1,506,941
Statewide Total	22,451,191



Washington State

Medical Assistance	2,205,908
Long-Term Care	1,019,137
Economic Services Admin	837,958
Developmental Disabilities	629,106
Mental Health	583,737
Children & Family Svcs	456,146
Juvenile Rehabilitation	162,258
Pmts to Other Agencies	86,106
Alcohol/Subst Abuse	72,873
Admin/Support Svcs	52,838
Vocational Rehabilitation	20,520
DSHS	6,126,587



Department of Social and Health Services Children & Family Services

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	464,802	379,497	844,299
Total Maintenance Changes	2,047	-1,038	1,009
Policy Changes			
1. Violence Reduction & Drug Enf Acct	0	-63	-63
2. Eliminate Incr Child Placing Slots	-694	-244	-938
3. Pediatric Interim Care	-161	161	0
4. Family Reconciliation Services	-1,686	0	-1,686
5. Crisis Residential Center Assess	-140	0	-140
6. Eliminate Special Projects	-406	0	-406
7. Therapeutic Child Development	-2,000	0	-2,000
8. Centralize After-Hours Programs	-1,206	-446	-1,652
9. Reduce Travel, Equipment, Training	-737	-273	-1,010
10. DD Parent Participate in Support	-690	-122	-812
11. Public Safety and Education Account	0	-20	-20
12. Reduce Home Support Specialists	-625	0	-625
13. Hold Basic Foster Care at FY 2002	-921	-614	-1,535
14. Vendor Rate Change	-1,395	-424	-1,819
15. Interpreter Services Efficiencies	-42	-8	-50
Total Policy Changes	-10,703	-2,053	-12,756
2001-03 Revised Appropriations	456,146	376,406	832,552
Fiscal Year 2002 Total	225,104	184,609	409,713
Fiscal Year 2003 Total	231,042	191,797	422,839

Comments:

1. **Violence Reduction & Drug Enf Acct** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 1.1 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)
2. **Eliminate Incr Child Placing Slots** - The 2001-03 enacted budget provides funding to increase the number of private child placing agency slots by 15 percent in FY 2002 and 30 percent in FY 2003. The additional 15 percent increase in child placing slots proposed for FY 2003 is eliminated and the level funded in FY 2002 is maintained. (General Fund-State, General Fund-Federal)
3. **Pediatric Interim Care** - Non-facility pediatric interim care programs have been determined eligible for partial federal funding. In lieu of General Fund-State, 30 percent federal funding is provided for these programs. The one facility-based pediatric interim care program will maintain full state funding. (General Fund-State, General Fund-Federal)
4. **Family Reconciliation Services** - Funding for the Family Reconciliation Services Program is reduced by 36 percent. The Department will redesign the program to serve a smaller number of families in crisis, specifically targeting families and services to avoid placement of children into foster care.
5. **Crisis Residential Center Assess** - Funding for Crisis Residential Center (CRC) assessments is eliminated. Currently, these assessments are underutilized because of the availability of the other assessment options provided by CRC and Family Reconciliation Services staff.
6. **Eliminate Special Projects** - AmeriCorps mentoring services to older foster youth in two regions and a parenting program for families of other cultures are eliminated.
7. **Therapeutic Child Development** - Funding for Therapeutic Child Development (TCD) is reduced by 25 percent. TCD provides families with young children at serious risk of abuse or neglect with intensive child development services and interventions to promote parenting skills. Childcare services are provided to the children for at least four hours each day. Additional services include home visits, parent education, and parent support groups.
8. **Centralize After-Hours Programs** - The After-Hours Program will be centralized to achieve efficiencies. Services will be co-located to provide intake and referral services in response to emergency calls received after normal business hours, on weekends, and on holidays. (General Fund-State, General Fund-Federal)

Department of Social and Health Services Children & Family Services

9. **Reduce Travel, Equipment, Training** - Funding for travel, equipment, training, and conferences is reduced. (General Fund-State, General Fund-Federal)
10. **DD Parent Participate in Support** - SB 6585, which did not pass the Legislature, would have required parents of children with developmental disabilities (DD) to participate in the financial support of their children who are in state supported foster care in the same way as other parents. Parents would have been expected to pay on average \$150 a month, which is about the average collected from parents whose child is in foster care. (General Fund-State, General Fund-Federal)
11. **Public Safety and Education Account** - Due to a revenue shortfall in the Public Safety and Education Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)
12. **Reduce Home Support Specialists** - Funding for home support specialist staff is reduced by one-third. Home support specialists assist families at risk of neglect and abuse with basic skills of homemaking and child care.
13. **Hold Basic Foster Care at FY 2002** - The basic rate for foster care covers the basic costs of caring for a foster child in a family home. Foster parents are also reimbursed for other costs associated with caring for a foster child. The basic rate was increased to an average of \$420 per month in July 2001. It was scheduled to increase to \$440 in July 2002. This adjustment holds the basic rate at its current level of \$420 per month. (General Fund-State, General Fund-Federal)
14. **Vendor Rate Change** - The FY 2003 vendor rate increase of 2.3 percent for the Department of Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal, Public Safety and Education Account)
15. **Interpreter Services Efficiencies** - The current method of purchasing interpreter services shall be replaced with a new "brokerage" model for all DSHS programs effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million General Fund-State during the last six months of the current biennium and at \$5.4 million General Fund-State in 2003-05. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services
Children's Administration**

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Foster Care ⁽¹⁾										
Avg # Children Served Monthly	6,665	6,762	8,333	8,283	8,297	8,219	8,127	8,130	8,111	8,086
% Change from prior year		1.5%	23.2%	-0.6%	0.2%	-0.9%	-1.1%	0.0%	-0.2%	-0.3%
Child Care ⁽²⁾										
Avg # Children Served Monthly	4,823	4,581	4,672	4,422	4,435	4,563	4,590	5,030	5,030	5,030
% Change from prior year		-5.0%	2.0%	-5.4%	0.3%	2.9%	0.6%	9.6%	0.0%	0.0%
Child Protective Services ⁽³⁾										
Avg Cases Referred Monthly	5,750	6,108	6,241	6,319	6,477	6,214	6,351	7,927	7,927	7,927
% Change from prior year		6.2%	2.2%	1.2%	2.5%	-4.1%	2.2%	24.8%	0.0%	0.0%
Adoption Support										
Avg # Served Monthly	2,843	3,186	3,678	4,040	4,683	5,455	6,318	7,247	8,106	8,998
% Change from prior year		12.1%	15.4%	9.8%	15.9%	16.5%	15.8%	14.7%	11.9%	11.0%
Caseload Ratio										
Avg Cases Per Worker ⁽³⁾	36:1	36:1	36:1	36:1	33:1	29:1	29:1	29:1	24:1	24:1

(1) Includes Family Foster Care, Group Foster Care and Receiving Care. (Note: Receiving Care is not included prior to 1996)

(2) Includes the following services: Protective/Welfare, Therapeutic, Teen Parent, Seasonal, and Foster Parent Employment.

(3) Combined average number of open cases per worker for Child Protective Services, Child Welfare Services and Family Reconciliation Services

Data Source :

FY 1994 through FY 2001 actuals for Child Care and Child Protective Services provided by the DSHS Budget Division.

FY 1994 through FY 2001 actuals for Foster Care and Adoption Support provided by the Caseload Forecast Council.

FY 2002 and FY 2003 estimates for Child Care and Child Protective Services provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates for Foster Care and Adoption Support provided by the Caseload Forecast Council.

Department of Social and Health Services Juvenile Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	170,715	70,380	241,095
Total Maintenance Changes	-4,452	-519	-4,971
Policy Changes			
1. Comm Opt for Lower-Risk Offenders	-295	-29	-324
2. Restructure Parole Services	-1,399	-567	-1,966
3. Comm Trans Options for Youth	-1,104	0	-1,104
4. Violence Reduction & Drug Enf Acct	0	-412	-412
5. Reduce Employment Services	-250	0	-250
6. Diagnostic Services Rate Adjustment	-315	0	-315
7. Public Safety and Education Account	0	-124	-124
8. Closure of Mission Creek Youth Camp	-1,452	0	-1,452
9. Enhanced Mental Health Services	778	0	778
10. Research-Based Services	217	0	217
11. Vendor Rate Change	-185	-134	-319
Total Policy Changes	-4,005	-1,266	-5,271
2001-03 Revised Appropriations	162,258	68,595	230,853
Fiscal Year 2002 Total	83,151	34,709	117,860
Fiscal Year 2003 Total	79,107	33,886	112,993

Comments:

1. **Comm Opt for Lower-Risk Offenders** - Savings are achieved through the development of less costly residential options in the community for juvenile offenders receiving a manifest injustice disposition. The Juvenile Rehabilitation Administration (JRA) provides residential services to 263 such offenders. Approximately 80 to 90 lowest-risk juvenile offenders will access alternative residential services, reducing the need for institutional beds. (General Fund-State, General Fund-Federal, General Fund-Local)
2. **Restructure Parole Services** - Savings are achieved by modifying current parole services to juvenile offenders after release from JRA facilities. Specifically, JRA will focus on reducing administrative costs related to parole services. Additionally, JRA may take the following steps to improve the effectiveness and cost efficiency of parole services: 1) contract with counties for a greater proportion of parole services; 2) reduce the portion of the parole caseload receiving intensive supervision to the statutory required level of 25 percent; 3) provide new research-based interventions to additional youth; 4) increase caseloads of parole counselors; and/or 5) reduce the number of lower-risk youth receiving parole services. (General Fund-State, General Fund-Federal)
3. **Comm Trans Options for Youth** - Juvenile offenders committed to a state juvenile facility receive a standard range sentence, based upon the seriousness of the offense and prior criminal history. Currently, youth serve an average of 145 percent of their minimum sentence. Lower-risk youth will now be released at an average of 115 percent of their minimum sentence. Approximately 270 juvenile offenders will serve 60 days less, and upon release, be transitioned to community-based monitoring.
4. **Violence Reduction & Drug Enf Acct** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 1.1 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)
5. **Reduce Employment Services** - Funding for employment-related training to youth in JRA is reduced. Specifically, a contract with the Department of Employment Security's Corrections Clearinghouse Program is eliminated. The K-12 system will continue to provide vocational and other job skills training.
6. **Diagnostic Services Rate Adjustment** - Diagnostic services are provided in 22 community-based centers through contracts with the juvenile courts and in four state offices. JRA will realign the contracted rate paid to counties for diagnostic services to more closely match the costs incurred by the state where JRA provides these same services.
7. **Public Safety and Education Account** - Due to a revenue shortfall in the Public Safety and Education Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)
8. **Closure of Mission Creek Youth Camp** - The Mission Creek Youth Camp will be closed by July 2002 and the institution will be mothballed for future use. This closure will reduce JRA's

Department of Social and Health Services Juvenile Rehabilitation

bed capacity by 60 beds. The closure will result in the relocation of these juvenile offenders to other institutions and the relocation of the juvenile offender basic training camp staging area to an existing institution.

9. **Enhanced Mental Health Services** - Funding is provided for increased mental health services in JRA institutions and community facilities. JRA will combine this funding with the \$1.1 million provided in the original 2001-03 biennial budget to: 1) increase inpatient and outpatient treatment capacity; 2) provide mental health protocol training to residential staff; and 3) increase mental health professional staff coverage during evening and night-time hours.
10. **Research-Based Services** - Funding is provided for new research-based interventions to additional youth as they transition out of institutional settings. With the funding provided in the "Restructure Parole Services" item, a total of \$945,000 is provided for research-based interventions. JRA will utilize this funding for youth identified as most in need for this type of rehabilitative programming.
11. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (General Fund-State, General Fund-Federal, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account)

Department of Social & Health Services

Juvenile Rehabilitation

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Community Residential ⁽¹⁾										
Avg Daily Population/Month	353	346	359	362	305	239	209	194	180	198
% Change from prior year		-2.0%	3.8%	0.8%	-15.7%	-21.6%	-12.6%	-7.2%	-7.2%	10.0%
Institutions										
Avg Daily Population/Month	753	915	1,007	1,028	1,048	996	984	987	937	846
% Change from prior year		21.5%	10.1%	2.1%	1.9%	-5.0%	-1.2%	0.3%	-5.1%	-9.7%
Parole ⁽²⁾										
Avg Daily Population/Month	595	765	917	949	1,002	768	1,023	1,062	1,050	739
% Change from prior year		28.6%	19.9%	3.5%	5.6%	-23.4%	33.3%	3.8%	-1.1%	-29.6%

(1) Includes State Group Homes, Community Residential Placements, Short Term Transition Program, and the County Commitment Program. Beginning in FY 2002, funding for County Commitment Program beds is eliminated.

(2) Parole eligibility standards were significantly modified in FY 1998 and FY 2000. In FY 2003, savings were assumed from JRA implementing parole changes that might result in caseload reductions.

Data Source :

FY 1994 through FY 2001 from DSHS Juvenile Rehabilitation Administration.

FY 2002 through FY 2003 data from legislative fiscal staff.

Department of Social and Health Services Mental Health

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	604,510	522,155	1,126,665
Total Maintenance Changes	9,980	14,178	24,158
Policy Changes			
1. Adjust Inpatient Capitation Rates	-4,551	-4,619	-9,170
2. Expand Local Match Option for RSNs	0	11,419	11,419
3. Community Services Reductions	-2,715	-12	-2,727
4. Secure Community Facil Reduction	-1,477	0	-1,477
5. PALS Community Alternatives	-351	275	-76
6. Expand Community Svcs in Eastern WA	-346	-544	-890
7. Reduce Research and Training	-386	-280	-666
8. Spend Down RSN Reserves	-21,220	21,220	0
9. Siting of Additional Facilities	600	0	600
10. Streamline Audit Process	-122	-135	-257
11. RSN Administrative Reduction	-169	-140	-309
12. Vendor Rate Change	-16	0	-16
Total Policy Changes	-30,753	27,184	-3,569
2001-03 Revised Appropriations	583,737	563,517	1,147,254
Fiscal Year 2002 Total	301,259	264,207	565,466
Fiscal Year 2003 Total	282,478	299,310	581,788

Comments:

1. **Adjust Inpatient Capitation Rates** - The capitated amounts paid to the Regional Support Networks (RSNs) for community psychiatric hospitalizations are adjusted to reflect the fact that approximately 3,500 disabled children and adults have been added to Medicaid eligibility lists as a result of a DSHS decision to automate eligibility determination. These additional eligible persons are very unlikely to be new users of inpatient services, since they would have been enrolled under the previous manual eligibility system if hospitalized. Inpatient capitation payments to the RSNs are already exceeding payments to community hospitals by over 50 percent. If this adjustment were not made, such payments would exceed costs by at least 15 percent more. After this change, total funding for community mental health services will increase by 2.5 percent over the level originally budgeted for the current biennium, and by 6.7 percent over last year's funding level. (General Fund-State, General Fund-Federal)
2. **Expand Local Match Option for RSNs** - The Mental Health Division is authorized to increase Medicaid payment rates for RSNs whose allocations would otherwise not increase by at least 3.5 percent above the previous year's level in FY 2002 and by at least 5.0 percent more in FY 2003. To qualify for the higher payment, the RSN must use qualified local funds for the required non-federal share of the Medicaid payment. This is an expansion of a funding mechanism authorized in the original 2001-03 budget. (General Fund-Federal)
3. **Community Services Reductions** - The atypical anti-psychotic medications pilot project is to be terminated by June 2002, rather than at the beginning of 2003 as currently budgeted, for a one-time savings of \$2.4 million. The pilot has been operating in Seattle and Tacoma since early 2001 to test the effectiveness of providing atypical anti-psychotic medications for persons who would not otherwise receive them through state medical assistance programs. A similar program which assists persons in need of such medications qualify for them through the Medicaid Medically Needy Program is also eliminated, as are special contracts for children's inpatient services with Fairfax Hospital and the Children's Regional Medical Center. (General Fund-State, General Fund-Federal)
4. **Secure Community Facil Reduction** - The original 2001-03 budget provided approximately \$2 million for mitigation funding for costs incurred by local governments due to the activities involving residents of the Secure Community Transition Facility (SCTF) on McNeil Island. Approximately \$1.4 million of the mitigation funding is eliminated. The remaining \$600,000 is assumed sufficient to cover any increased local government costs associated with the SCTF on McNeil Island. Pursuant to Chapter 12, Laws of 2001, 2nd sp.s. (3ESSB 6151), the Department will continue to work towards agreement with impacted jurisdictions. Additionally, the Special Commitment Center has identified two staff positions in FY 2003 at the SCTF that can be eliminated without impacting operations. These reductions are also assumed in this item.
5. **PALS Community Alternatives** - The Program for Adaptive Living Skills (PALS) at Western State Hospital serves 120 adults who no longer require psychiatric hospital care but who

Department of Social and Health Services Mental Health

face a variety of other barriers to community placement. The budget provides approximately \$650,000 for the development of new community services to enable 30 of the program participants to return to community settings during the final six months of the biennium. None of the patients returning to the community will have a criminal history that might constitute a significant risk to public safety. The legislative approach differs from the one proposed by the agency and Governor in that only about half as many persons are expected to leave the hospital; new funding is provided for them to be served in the community; and nine months is provided for the development of community alternatives, rather than five. (General Fund-State, General Fund-Federal)

6. **Expand Community Svcs in Eastern WA** - Approximately \$1.1 million is provided for the development of new community services in Eastern Washington, so that 28 persons who would otherwise be served at Eastern State Hospital (ESH) can instead receive appropriate long-term psychiatric care in the community. This is expected to permit closure of one geriatric ward at ESH by October 2002. (General Fund-State, General Fund-Federal, General Fund-Local)
7. **Reduce Research and Training** - The Mental Health Division contracts with the Washington Institute for Mental Illness Research and Training for research and training services. Contract activities not related to the Division's core functions are eliminated. (General Fund-State, General Fund-Federal)
8. **Spend Down RSN Reserves** - RSNs reported \$53 million of accumulated reserves and fund balances at the end of FY 2001, which is about 16 percent of total revenues for that year. Actuarially-recommended risk reserves vary with the size of the RSN, ranging from 3.7 percent of revenues for the largest RSN to 10 percent of revenues for the smaller ones. The budget directs that RSN fund balances be reduced to the actuarially-recommended level. This is to be accomplished by deducting state funding otherwise due the RSN by the difference between the RSN's accumulated December 2001 reserves, and the recommended risk-reserve amount for that year.
9. **Siting of Additional Facilities** - Funding is provided for planning, incentive, bonus, and mitigation funding associated with the establishing additional Secure Community Transition Facilities, pursuant to Chapter 68, Laws of 2002 (ESSB 6594). To the extent necessary, the Department shall establish an interagency agreement with the Department of Community, Trade, and Economic Development for distribution of planning grants.
10. **Streamline Audit Process** - The Mental Health Division has recently improved the efficiency of its centralized clinical licensing and auditing process by discontinuing on-site reviews of community mental health providers which have been certified by national accreditation organizations. Additional efficiencies can be achieved by establishing similar arrangements for smaller providers that have been inspected and approved by an RSN which has a demonstrated record of

effective clinical review processes. (General Fund-State, General Fund-Federal)

11. **RSN Administrative Reduction** - RSNs are expected to reduce administrative expenditures by 3 percent, to no more than 8.0 percent of total state and federal revenues. (General Fund-State, General Fund-Federal)
12. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.

Governor's Vetoes:

The Governor vetoed Section 204(1)(h) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have limited expenditures on RSN administration to 8.0 percent of appropriated funds.

The Governor also vetoed Section 204(1)(k), which would have required DSHS and the Department of Community, Trade, and Economic Development to develop a proposal for a structurally-independent ombudsman program.

Department of Social & Health Services

Mental Health

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
State Hospitals ⁽¹⁾										
Avg Daily Population/Month	1,444	1,349	1,278	1,276	1,311	1,354	1,358	1,359	1,397	1,243
% Change from prior year		-6.6%	-5.3%	-0.2%	2.7%	3.3%	0.3%	0.1%	2.8%	-11.0%
Avg Daily Census/Month		1,323	1,246	1,243	1,275	1,317	1,343	1,343	1,381	1,228
% Change from prior year			-5.8%	-0.2%	2.6%	3.3%	1.9%	0.0%	2.8%	-11.1%
Community Outpatient Services										
	32,939	36,728	38,482	39,861	41,328	43,882	45,132	48,254	50,010	51,565
% Change from prior year		11.5%	4.8%	3.6%	3.7%	6.2%	2.8%	6.9%	3.6%	3.1%
Avg Adults Served per Month	25,065	27,210	28,077	28,853	30,024	31,840	32,876	35,239	36,291	37,192
% Change from prior year		8.6%	3.2%	2.8%	4.1%	6.0%	3.3%	7.2%	3.0%	2.5%
Avg Children Served per Month	7,874	9,518	10,405	11,008	11,304	12,042	12,256	13,015	13,719	14,374
% Change from prior year		20.9%	9.3%	5.8%	2.7%	6.5%	1.8%	6.2%	5.4%	4.8%
Special Commitment Center - Main Facility										
Avg Monthly Population	23	28	33	43	57	79	105	130	151	172
% Change from prior year		21.7%	17.9%	30.3%	32.6%	38.6%	32.9%	23.8%	16.3%	13.8%
Special Commitment Center - Less Restrictive Alternatives ⁽²⁾										
Avg Monthly Population	0	1	2	2	2	3	5	5	8	13
% Change from prior year		100.0%	100.0%	0.0%	0.0%	50.0%	66.7%	0.0%	60.0%	64.6%

(1) Includes: Eastern State Hospital, Western State Hospital (WSH), WSH Program for Adaptive Living Skills (PALS), and Child Study and Treatment Center. Prior to FY 1995, also includes Program Offering Rehabilitation and Training in Adult Living (PORTAL).

(2) Includes persons in less restrictive alternative placements on McNeil Island and other locations.

Data Sources:

FY 1992 through FY 2001 actuals are from DSHS Division of Research and Data Analysis reports.

FY 2002 and FY 2003 estimates are from legislative fiscal committees.

Department of Social and Health Services Developmental Disabilities

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	620,544	567,171	1,187,715
Total Maintenance Changes	6,850	10,311	17,161
Policy Changes			
1. Voluntary Placement Parent Pay	-720	0	-720
2. ARC Lawsuit	10,320	3,720	14,040
3. Freeze Case Manager Hiring	-3,267	-2,588	-5,855
4. Reduce RHC Staffing	-1,413	-1,470	-2,883
5. Reduce Professional Services	-357	0	-357
6. Professional Service Contracts	-500	0	-500
7. Fund Source Adjustment	-1,767	1,767	0
8. Parent Support for Children <18 Yrs	-10	-10	-20
9. Respite Bed Funding	116	116	232
10. Vendor Rate Change	-690	-272	-962
11. Home Care Worker Wage Increase	1,310	1,207	2,517
12. Governor Veto	-1,310	-1,207	-2,517
Total Policy Changes	1,712	1,263	2,975
2001-03 Revised Appropriations	629,106	578,745	1,207,851
Fiscal Year 2002 Total	304,791	284,902	589,693
Fiscal Year 2003 Total	324,315	293,843	618,158

Comments:

1. **Voluntary Placement Parent Pay** - SB 6585, which did not pass the Legislature, would have required parents of children with developmental disabilities to participate in the financial support of their children who are in state supported care in the same way as other parents. Parents would have been expected to pay on average \$150 a month, which is about the average collected from foster care parents in the Children's Administration Program. This proposal was estimated to impact approximately 400 Voluntary Placement Program participants. (General Fund-State, General Fund-Federal)

2. **ARC Lawsuit** - The Legislature finds that comprehensive reform of the Developmental Disabilities Program is required. Recent audits and litigation indicate a need to improve the quality of program data, strengthen program and fiscal management, and clarify the criteria and determination of eligibility for services. Additional resources are also needed to expand access to community services. Funding is provided to address the most urgent needs while strengthening program and fiscal accountability.

Funding is provided to expand residential services, family support, and high school transition. New funding for family support and high school transition along with a portion of existing funding for these programs shall be provided as supplemental security income (SSI) state supplemental payments. It is the intent of the Legislature that the Department shall comply with federal requirements to maintain aggregate funding for SSI state supplemental payments while promoting self-determination and independence for persons with

developmental disabilities in families with low and moderate incomes by providing cash assistance to individuals and families needing support.

These amounts and the specified expansion of community services, along with funding to hire additional case managers and improved fiscal and waiver management, are intended to be the fiscal component of the negotiated settlement in the pending litigation on developmental disabilities services, *ARC v. Quasim*. (General Fund-State, General Fund-Federal)

3. **Freeze Case Manager Hiring** - In the 2001-03 budget, the Division received funding to hire 48 new case managers (and support staff) during FY 2002. Savings are achieved due to a hiring freeze imposed by the Department at the beginning of the fiscal year. (General Fund-State, General Fund-Federal)

4. **Reduce RHC Staffing** - Staffing in the Residential Habilitation Centers (RHCs) is reduced by a total of 65.4 FTEs in FY 2003. To the extent possible, reductions will not occur in direct care staff. (General Fund-State, General Fund-Federal)

5. **Reduce Professional Services** - Professional services, paid for by the Division of Developmental Disabilities, for medical, dental, and a variety of therapies are reduced by 10 percent effective July 2002. Emphasis will be placed on controlling costs and utilization of these services. (General Fund-State)

6. **Professional Service Contracts** - Savings are achieved by reducing professional services contracts by \$500,000 in FY

Department of Social and Health Services Developmental Disabilities

2003. Contracts for technical assistance related to employment and day services are retained.

7. **Fund Source Adjustment** - Pursuant to the provisions of RCW 43.20A.725 (4)(a) that specifically authorizes the Office of Deaf and Hard of Hearing to award contracts for communications and related services, the Legislature intends the office use funds from the telecommunications relay service excise tax for the office's operational and administrative costs, including operational and administrative costs associated with contracts with regional service centers. (General Fund-State, Telecommunications Device Account-State)
8. **Parent Support for Children <18 Yrs** - SB 6585, which did not pass the Legislature, would have required parents of children under 18 years of age in Residential Habilitation Centers to participate in the financial support of their children. Parents would have been expected to pay on average \$150 a month, which is about the average collected from foster care parents in the Children's Administration Program. (General Fund-State, General Fund-Federal)
9. **Respite Bed Funding** - Funding is provided to support access to five additional respite beds at Yakima Valley School. (General Fund-State, General Fund-Federal)
10. **Vendor Rate Change** - The implementation of the second year vendor rate increase of 2.3 percent for the Department of Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal)
11. **Home Care Worker Wage Increase** - Funding is provided for a 25 cent per hour wage increase for individual and agency providers of homecare services, effective October 1, 2002. The Governor vetoed this appropriation. (General Fund-State, General Fund-Federal)
12. **Governor Veto** - The Governor vetoed Section 205(1)(j) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which provided for a 25 cent an hour wage increase for individual and agency homecare providers, effective October 1, 2002. Therefore, \$2,517,000 in funding to the Division of Developmental Disabilities lapses.

The Governor also vetoed Section 205(1)(a), which required monthly progress reports.

Department of Social & Health Services

Developmental Disabilities

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	Estimated		
								2001	2002	2003
Institutions										
Avg Monthly Population	1,412	1,322	1,295	1,262	1,228	1,189	1,231	1,231	1,231	1,231
% change from prior year	-4.4%	-6.4%	-2.0%	-2.5%	-2.7%	-3.2%	3.6%	0.0%	0.0%	0.0%
Community Residential Programs ⁽¹⁾⁽⁴⁾										
Avg Month End Contracted Beds	3,585	3,683	3,740	3,819	3,742	3,747	3,920	3,957	4,038	4,111
% change from prior year	3.2%	2.7%	1.5%	2.1%	-2.0%	0.1%	4.6%	0.9%	2.0%	1.8%
Employment & Day Programs ⁽⁴⁾										
Avg Monthly Number Served	6,789	7,049	7,571	7,954	8,455	8,567	9,193	9,636	9,717	9,790
% change from prior year	4.0%	3.8%	7.4%	5.1%	6.3%	1.3%	7.3%	4.8%	0.8%	0.8%
Family Support ⁽²⁾⁽⁴⁾										
Number of Clients Served	2,071	2,207	2,659	3,637	3,985	4,658	5,247	6,256	6,836	7,413
% change from prior year	23.7%	6.6%	20.5%	36.8%	9.6%	16.9%	12.6%	19.2%	9.3%	8.4%
Adult Personal Care ⁽³⁾⁽⁴⁾										
Number of Clients Served	2,844	3,244	3,525	3,951	4,199	4,730	5,015	5,630	6,237	6,842
% change from prior year	14.1%	12.3%	8.0%	10.8%	5.9%	11.2%	5.7%	10.9%	9.7%	8.8%

(1) Includes Alternate Living (clients served), Group Homes, intermediate care facilities for the mentally retarded (IMRs), Tenant Support (clients served), and State Operated Living Alternatives (SOLA).

(2) Family Support includes Children's Personal Care.

(3) Adult Personal Care includes Medicaid Personal Care and Chore Services. Prior to FY 1990, Developmental Disabilities' clients enrolled in these programs were counted in the Long-term Care program totals.

(4) Workload numbers for Community Residential, Family Support, Employment and Day and Medicaid Personal Care are subject to change during the 01-03 biennium due to an additional \$14.8 million in total funding to the Developmental Disabilities Division as the fiscal component of the negotiated settlement in the pending litigation, ARC v. Quasim. The actual number of persons served under the settlement is still to be determined.

Data Sources:

FY 1992 through FY 2000 from LEAP workload database except FY 1993 through FY 1997 Community Residential is from DSHS Division of Developmental Disabilities due to a change in reporting methodology.

FY 2001 through FY 2003 are budget estimates from legislative fiscal staff.

Department of Social and Health Services Long-Term Care

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	1,056,818	1,087,264	2,144,082
Total Maintenance Changes	-25,385	-30,681	-56,066
Policy Changes			
1. Raise AAA Case Mgmt Reimbursement	311	311	622
2. Treatment of Resources	-2,670	-2,681	-5,351
3. Adjust Licensing Fees	-7,558	7,558	0
4. Adjust Rates for Fee Increase	1,064	1,068	2,132
5. Don't Implement In-Home Waiver	-1,224	-1,229	-2,453
6. Revise Bed Retainer Policy	-776	776	0
7. Improve Ancillary Cost Management	-496	-498	-994
8. Assisted Living Rate Reduction	-1,390	-1,390	-2,780
9. Transfer Volunteer Programs	-135	0	-135
10. SCSA & OAA Funding Adjustments	-639	7,798	7,159
11. Vendor Rate Change	-1,710	-1,616	-3,326
12. Home Care Worker Wage Increase	2,927	2,945	5,872
Total Policy Changes	-12,296	13,042	746
2001-03 Revised Appropriations	1,019,137	1,069,625	2,088,762
Fiscal Year 2002 Total	505,983	524,236	1,030,219
Fiscal Year 2003 Total	513,154	545,389	1,058,543

Comments:

1. **Raise AAA Case Mgmt Reimbursement** - The state Department of Social and Health Services (DSHS) contracts with Area Agencies on Aging (AAAs) for case management services on behalf of persons who receive state-funded in-home care. Such services are budgeted at \$78,341 per AAA case manager for FY 2002 and at \$80,143 per AAA case manager for FY 2003, but the AAAs report that their actual costs are about \$6,500 per case manager higher than those amounts. This item increases the payment rate by about \$1,700 per case manager per year, to approximately the same cost as the state would incur if it were to provide the services directly, rather than under contract with the AAAs. (General Fund-State, General Fund-Federal)

2. **Treatment of Resources** - Under federal Medicaid rules, when a spouse applies for publicly-funded long-term care in a nursing home or in the community, the other spouse is able to retain a house, furnishings, and an automobile; about \$2,200 per month of income; and, at the state's discretion, between \$17,856 and \$89,280 in savings or other liquid assets. Washington and at least half the other states presently set the spousal asset limitation at the \$89,280 maximum.

HB 3002 (Institutionalized Persons), which was not enacted, would have reduced the spousal asset standard to \$30,000 in resources. (General Fund-State, General Fund-Federal)

3. **Adjust Licensing Fees** - Nursing home licensing fees are to be increased from their current level of \$127 per year to approximately \$275 per year, so that those fees will fully cover

the cost of licensing and inspection functions, as required by RCW 18.51.050. The state nursing home payment rate will be increased to cover the approximately 56 percent of the cost of this increase allocable to Medicaid.

This item also anticipated passage of legislation requiring that adult family home fees cover an increased share of the public cost of licensing and inspecting them. This legislation was not enacted. Over a two-year period, the fees were to be increased from the current level of \$50 per home, which has been fixed in statute since 1989, to the same rate as applies to boarding homes, currently \$79 per bed.

Approximately \$3.4 million of the state general fund savings is a transfer of licensing fees currently deposited into the state general fund. It is anticipated that those fees will instead be deposited directly into an agency local account. This is expected to result in better monitoring of fee levels, to assure that they are in fact covering the appropriate share of costs. (General Fund-State, General Fund-Local)

4. **Adjust Rates for Fee Increase** - Nursing home Medicaid payment rates are increased by approximately 45 cents per patient day to cover the cost of the increase in licensing fees that is allocable to state-funded residents. (General Fund-State, General Fund-Federal)

5. **Don't Implement In-Home Waiver** - The 2001 Legislature authorized DSHS to seek federal authority to provide Medicaid-funded in-home care to up to 200 persons whose incomes are

Department of Social and Health Services

Long-Term Care

too high to qualify for such services under current rules. Because the waiver has not yet been approved and no one is being served, the program will not be implemented. (General Fund-State, General Fund-Federal)

6. **Revise Bed Retainer Policy** - In January 2001, the DSHS Aging and Adult Services Administration instituted a new policy that more than doubled the amount which a community residential facility is paid when a state-assisted resident is temporarily absent from the facility due to hospitalization or personal reasons. The Department is directed to either obtain federal participation in the cost of the new policy, or to revise the policy so that average per-person costs return to the pre-2001 level. (General Fund-State, General Fund-Federal)
7. **Improve Ancillary Cost Management** - Per-person expenditures for ancillary services on behalf of persons receiving state-funded in-home care increased by over 60 percent between FY 1999 and FY 2001 and are projected to increase an additional 36 percent between FY 2001 and FY 2003. "Ancillary services" include things such as home-delivered meals, personal monitors, environmental modifications, and adult day care. There are no consistent state policies regarding the extent to which such expenditures should be authorized, as evidenced by an almost 90 percent difference between the four areas of the state with the highest per-person expenditure levels, and the four with the lowest. DSHS is directed to implement management controls sufficient to limit average per-person expenditures to the FY 2002 level in FY 2003. The FY 2002 level is 20 percent higher than the FY 2001 level, but 13 percent lower than the increase which is otherwise expected to occur in FY 2003. (General Fund-State, General Fund-Federal)
8. **Assisted Living Rate Reduction** - The assisted living reimbursement rate is adjusted by eliminating the capital add-on for facilities with lower levels of occupancy by state-funded clients. The add-on provision was established in 1996 to encourage expansion and development of assisted living services. (General Fund-State, General Fund-Federal)
9. **Transfer Volunteer Programs** - Direct state administration of the Senior Companion and of the Foster Grandparent Programs will end in December 2002. This delayed effective date will allow time for Area Agencies on Aging or private organizations to apply for continued sponsorship of these federally-funded programs. The state will continue to provide sufficient funding for the new sponsors to meet the required federal match. The Senior Companion Program provides stipends to over 700 low-income seniors in the Yakima and Tri-Cities areas to perform chores for other eligible and disabled persons. The Foster Grandparent Program provides stipends to 270 low-income seniors in 11 areas across the state to offer emotional support to children with special needs. (General Fund-State, General Fund-Federal)
10. **SCSA & OAA Funding Adjustments** - This item appropriates the additional \$7.8 million of federal Older Americans Act (OAA) funding that Washington's Area Agencies on Aging (AAAs) will be receiving in the 2001-03 biennium. Such funding increased by \$2.6 million (19 percent) in federal FY 2001, and by an additional \$1.7 million (10 percent) in federal FY 2002. This item also discontinues the increase in state Senior Citizens Services Act (SCSA) funding, which was provided to the AAAs in 1996 as part of Washington's "Expanding Community Options" long-term care initiative. The need for such funding has diminished, given the recent increases in federal funding, and the extensive development of community options which has occurred over the past seven years. (General Fund-State, General Fund-Federal)
11. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002 rather than a 2.3 percent increase as originally budgeted. Sufficient funds remain in the base budget to continue the 50 cents per hour low-wage worker increase provided on July 1, 2001. (General Fund-State, General Fund-Federal)
12. **Home Care Worker Wage Increase** - Funding was provided for a 25 cent per hour wage increase for individual and agency providers of homecare services, effective October 1, 2002. See veto note below. (General Fund-State, General Fund-Federal)

Governor's Vetoes:

The Governor vetoed Section 206(11) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have provided for a home care worker wage increase. The Governor directed that the state general funds associated with this increase be placed in allotment reserve status.

Department of Social & Health Services

Long-Term Care Services

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Nursing Homes										
# FTE Clients	17,168	16,639	15,905	14,992	14,645	14,081	13,783	13,529	13,225	12,872
% Change from prior year		-3.1%	-4.4%	-5.7%	-2.3%	-3.9%	-2.1%	-1.8%	-2.3%	-2.7%
Community Care ⁽¹⁾										
# Clients Served	19,411	19,576	20,876	23,119	25,675	27,567	29,319	30,919	32,031	33,834
% Change from prior year		0.9%	6.6%	10.7%	11.1%	7.4%	6.4%	5.5%	3.6%	5.6%

(1) Includes Chore Services, Community Options Program Entry Services (COPES), Adult Residential, and Medicaid Personal Care.

Data Source :

Nursing Homes for FY 1992 through FY 1995 from LEAP workload database.

Community Care for FY 1992 through FY 1996 from Aging and Adult Services Administration.

All other data is from the Caseload Forecast Council.

Department of Social and Health Services Economic Services Administration

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	861,310	1,388,139	2,249,449
Total Maintenance Changes	15,964	3,679	19,643
Policy Changes			
1. Fund Source Adjustment	-2,092	2,092	0
2. GA-U Program Efficiencies	-5,437	0	-5,437
3. Feds Resume Food Stamps for Immigr	-1,600	0	-1,600
4. Re-Program SSI Supplements	-24,000	0	-24,000
5. Adjust Accounting - SSI Recoveries	-5,570	0	-5,570
6. Vendor Rate Change	-289	-184	-473
7. Interpreter Services Efficiencies	-328	-341	-669
Total Policy Changes	-39,316	1,567	-37,749
2001-03 Revised Appropriations	837,958	1,393,385	2,231,343
Fiscal Year 2002 Total	442,984	699,746	1,142,730
Fiscal Year 2003 Total	394,974	693,639	1,088,613

Comments:

1. **Fund Source Adjustment** - The performance of the state's Child Support Enforcement Program has exceeded expectations resulting in higher levels of federal funding. These additional federal funds can pay for cost increases for the 2001-03 biennium that previously had been funded with state funds. With this adjustment, the state's funding commitment still exceeds the federally-required maintenance of effort level as determined by the average of state spending during fiscal years 1996-98. (General Fund-State, General Fund-Local)
2. **GA-U Program Efficiencies** - The General Assistance-Unemployable (GA-U) Program is reduced to reflect more efficient administration of the program.
3. **Feds Resume Food Stamps for Immigr** - Funding for the Food Assistance Program for legal immigrants is reduced in anticipation of Congress authorizing the resumption of coverage for some legal immigrants in the federal Food Stamp Program. President Bush's budget proposal for federal FY 2003 includes this provision, and support in Congress has been expressed by both parties. This adjustment assumes the change will be effective October 2002.
4. **Re-Program SSI Supplements** - Funding is reduced in the Economic Services Administration budget to support the re-programming of Supplemental Security Income (SSI) State Supplement Payments. Beginning July 2002, state supplement payments will no longer be provided automatically to all persons receiving a federal SSI benefit. SSI recipients will continue to receive their federal benefits and their federally-provided annual cost-of-living increases each January. Some recipients who are dependent on larger state supplements will be provided a transitional state supplement benefit. The remaining amount of state supplement payments required by federal rules will be used to support low- and moderate-income families who are struggling to continue to care for children and other relatives with developmental disabilities.
5. **Adjust Accounting - SSI Recoveries** - Accounting for SSI recoveries for general assistance interim benefits are changed to a "month of service" basis. (General Fund-State)
6. **Vendor Rate Change** - The implementation of the second year of the vendor rate increase of 2.3 percent for the Department of Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal)
7. **Interpreter Services Efficiencies** - The current method of purchasing interpreter services shall be replaced with a new "brokerage" model for all DSHS programs effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million General Fund-State during the last six months of the current biennium and at \$5.4 million General Fund-State in 2003-05. (General Fund-State, General Fund-Federal)

Governor's Vetoes:

The Governor vetoed Section 207(1), subsections (e) through (n) of Chapter 371, Laws of 2002, Partial Veto (ESSB 6387), which would have reallocated existing appropriations among various purposes within the WorkFirst program. The vetoed subsections do not affect the total program appropriation.

**Department of Social & Health Services
Economic Services Administration**

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
SSI State Supplement										
Avg Monthly Caseload	76,518	82,249	86,299	87,674	88,006	89,176	90,947	92,677	95,701	98,397
% Change from prior year		7.5%	4.9%	1.6%	0.4%	1.3%	2.0%	1.9%	3.3%	2.8%
General Assistance ⁽¹⁾										
Avg Monthly Caseload	17,617	18,371	18,074	18,155	17,657	17,129	16,416	17,857	19,849	20,401
% Change from prior year		4.3%	-1.6%	0.4%	-2.7%	-3.0%	-4.2%	8.8%	11.2%	2.8%
TANF Cases ⁽²⁾										
Avg Monthly Caseload	104,626	104,472	101,136	97,309	84,685	67,475	58,796	54,758	53,648	53,683
% Change from prior year		-0.1%	-3.2%	-3.8%	-13.0%	-20.3%	-12.9%	-6.9%	-2.0%	0.1%
Child Care										
Avg # Children Served/Month	29,772	32,757	30,636	33,309	41,707	51,187	58,786	67,454	72,578	76,313
% Change from prior year		10.0%	-6.5%	8.7%	25.2%	22.7%	14.8%	14.7%	7.6%	5.1%

(1) FY 1994 through FY 2000 includes General Assistance-Unemployable (GA-U), General Assistance-Unemployable with expedited medical (GA-X), and General Assistance for children living with legal guardians (GA-H). Starting in FY 2001 GA-H cases are covered by TANF funding and are moved out of the General Assistance estimate into the TANF Cases estimate. Data collection changed to the Caseload Analysis and Reporting Database (CARD) system in FY 1998. To provide comparable data, monthly caseload data from FY 1995-1997 have been adjusted to reflect the CARD system, which is 7.05 percent higher on average than the previous Average Grant method.

(2) Includes General Assistance-Pregnant Woman (GA-S) cases, and GA-H cases starting in FY 2001 (see note above). To provide comparable data, monthly caseload data from FY 1994-1997 have been adjusted to reflect the CARD system, which is 7.08 percent higher on average than the previous Average Grant method.

Data Sources :

FY 1994 through FY 2001 SSI State Supplement and General Assistance actuals provided by the Caseload Forecast Council.

FY 1994 through FY 2001 TANF Cases and Child Care actuals provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates represent legislative budget assumptions, based upon forecasts provided by the Caseload Forecast Council and the DSHS Budget Division.

Department of Social and Health Services Alcohol & Substance Abuse

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	76,985	158,661	235,646
Total Maintenance Changes	57	-41	16
Policy Changes			
1. Violence Reduction & Drug Enf Acct	0	-571	-571
2. Public Safety and Education Account	0	-275	-275
3. Involuntary Treatment Beds	-800	0	-800
4. Substance Abuse Treatment Reduction	-1,800	0	-1,800
5. King County Juvenile Drug Court	0	75	75
6. Treatment for Compulsive Gambling	0	500	500
7. Reduce & Consolidate TASC	-1,036	0	-1,036
8. Vendor Rate Change	-505	-330	-835
9. Interpreter Services Efficiencies	-28	-14	-42
Total Policy Changes	-4,169	-615	-4,784
2001-03 Revised Appropriations	72,873	158,005	230,878
Fiscal Year 2002 Total	35,851	79,329	115,180
Fiscal Year 2003 Total	37,022	78,676	115,698

Comments:

1. **Violence Reduction & Drug Enf Acct** - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 1.1 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)
2. **Public Safety and Education Account** - Due to a revenue shortfall in the Public Safety and Education Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)
3. **Involuntary Treatment Beds** - The opening of the chemical dependency involuntary treatment facility in Eastern Washington had been postponed due to delays in acquisition and licensing. The facility opened in March of 2002. This reduces the Department's costs for the new facility in FY 2002 by \$800,000.
4. **Substance Abuse Treatment Reduction** - Additional substance abuse treatment capacity for gravely-disabled individuals, which was provided for in the 2001 legislative session, is eliminated for FY 2002, and reduced to \$1 million for FY 2003. Gravely-disabled individuals are people in danger of serious physical harm resulting from a failure to provide for their essential human needs of health or safety which manifests in severe deterioration in routine functioning, or are a high user of treatment services and other resources.
5. **King County Juvenile Drug Court** - Funding is provided for the King County Juvenile Drug Court. This drug court was inadvertently overlooked in the 2001-03 biennial budget when other drug courts were receiving funding to replace lost federal allocations. (Violence Reduction and Drug Enforcement Account)
6. **Treatment for Compulsive Gambling** - One-time funding is provided for treatment of pathological gambling and training of pathological gambling treatment providers pursuant to Chapter 349, Laws of 2002, (E2SSB 6560 - Shared Game Lottery). To receive treatment under this program, a person must be amenable to treatment and unable to afford it. The Department shall contract with qualified treatment providers who will determine eligibility for state-funded treatment within Department guidelines. The Department shall report to the Legislature a plan to implement this program by September 1, 2002. The Department shall track program participation and client outcomes and summarize them in a report to the Legislature by November 1, 2003. (Violence Reduction and Drug Enforcement Account)
7. **Reduce & Consolidate TASC** - The Treatment Accountability for Safe Communities (TASC) Program is reduced by 30 percent in FY 2003. The Department shall implement this reduction in such a way that allows for a consolidation of remaining TASC funding with drug court funding by FY 2004. The intent is to provide consolidated state support for drug court and TASC services that have the greatest success in diverting offenders into successful treatment and recovery. The Division of Alcohol and Substance Abuse shall coordinate this reduction and consolidation with the Children's Administration in order to minimize any disruption with the purchase of TASC services involving child-dependency cases.
8. **Vendor Rate Change** - The implementation of the second year of the vendor rate increase of 2.3 percent for the Department of

Department of Social and Health Services Alcohol & Substance Abuse

Social and Health Services (DSHS) is reduced to a 1.5 percent increase. (General Fund-State, General Fund-Federal, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account)

9. **Interpreter Services Efficiencies** - The current method of purchasing interpreter services shall be replaced with a new "brokerage" model for all DSHS programs effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million General Fund-State during the last six months of the current biennium and at \$5.4 million General Fund-State in 2003-05. (General Fund-State, General Fund-Federal)

**Department of Social & Health Services
Division of Alcohol and Substance Abuse**

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
ADATSA - Assessment										
Avg Monthly Assessments	1,195	1,278	1,284	1,199	1,194	1,162	1,167	1,112	1,100	1,100
% Change from prior year		6.5%	0.5%	-7.1%	-0.4%	-2.8%	0.4%	-4.9%	-1.1%	0.0%
ADATSA - Outpatient Treatment										
Avg Monthly Admissions	272	295	325	308	322	340	351	357	370	370
% Change from prior year		7.8%	9.2%	-5.5%	4.3%	5.3%	3.1%	1.7%	3.5%	0.0%
ADATSA - Residential										
Avg Monthly Admissions	586	608	610	631	673	633	574	596	578	578
% Change from prior year		3.6%	0.3%	3.3%	6.2%	-6.3%	-10.3%	3.7%	-3.1%	0.0%

*The Alcoholism and Drug Addiction Treatment and Support Act (ADATSA) was established in 1987.
Workloads in ADATSA services are limited to openings available.*

Data Sources:

FY 1994 through FY 2001 actuals provided by the DSHS Budget Division.

FY 2002 and FY 2003 estimates provided by the Division of Alcohol and Substance Abuse

Department of Social and Health Services Medical Assistance Payments

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	2,159,789	4,966,168	7,125,957
Total Maintenance Changes	90,719	-12,853	77,866
Policy Changes			
1. HIV Cost Controls	-301	0	-301
2. Vendor Rate Incr-Select Providers	3,730	3,709	7,439
3. Hospital Settlement	8,500	0	8,500
4. Treatment of Resources	-330	-331	-661
5. Don't Implement In-Home Waiver	-314	-316	-630
6. Vendor Rate Change	-4,171	-5,233	-9,404
7. Increase Discount on AWP	-12,385	-11,992	-24,377
8. OPPS Rate Reduction	-1,061	-1,064	-2,125
9. Direct Legal Immigrants to BHP	-8,925	0	-8,925
10. Direct Undocumented Children to BHP	-14,446	0	-14,446
11. Maternity Support Services	-8,602	8,602	0
12. Interpreter Services Efficiencies	-728	-1,022	-1,750
13. GA-U Medical Savings	-5,567	0	-5,567
Total Policy Changes	-44,600	-7,647	-52,247
2001-03 Revised Appropriations	2,205,908	4,945,668	7,151,576
Fiscal Year 2002 Total	1,081,150	2,818,960	3,900,110
Fiscal Year 2003 Total	1,124,758	2,126,708	3,251,466

Comments:

1. **HIV Cost Controls** - The Evergreen Health Insurance Program provides insurance coverage for persons with AIDS who do not qualify for Medicaid, but whose incomes are below 370 percent of the federal poverty level. In coordination with the Department of Health, the Department of Social and Health Services (DSHS) is to establish mechanisms to assure that the program operates within appropriated levels. Such mechanisms are to include, but are not limited to, adjusting the state's contribution on a sliding-basis, so that higher-income recipients are required to contribute more toward their cost of care.
2. **Vendor Rate Incr-Select Providers** - The state Medical Assistance Program pays primary care providers substantially less than either the federal Medicare Program, or private insurance. This is particularly the case for services to adults, for which payments are lower than for comparable pediatric and maternity services. For example, in calendar year 2000, Medicaid paid only about 53 percent as much as private insurers for an adult office visit, and only about 62 percent as much as Medicare. This is reportedly creating substantial financial problems for physician practices across the state, and resulting in Medical Assistance recipients delaying necessary care, or seeking it in emergency rooms. Ambulance operators also report that Medical Assistance rates are substantially below their costs, creating significant financial problems for their operations, and cost-shifts to other payers.

To address these concerns, the budget provides an approximately 5 percent increase in average Medical Assistance payment rates for physician-related services to adults; and also a 25 percent increase in ambulance payment rates. Both types of increase are to be targeted toward procedures with the greatest need, as evidenced by access problems and difference from prevailing-rate benchmarks, rather than distributed on an across-the-board basis. Both increases will be effective January 1, 2003, and so will cost more than four times the amount shown here to continue next biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)
3. **Hospital Settlement** - Funds are provided for the Department to settle a lawsuit, *Providence St. Peter Hospital, et. al. v. DSHS*, regarding reimbursement to hospitals with Medicare-certified stand-alone psychiatric units.
4. **Treatment of Resources** - SHB 3002, which was not enacted, would have reduced the maximum asset level for married applicants for Medicaid-funded long-term care services to \$30,000, from the current level of \$89,000. As a result, an estimated 200 persons would have been ineligible for Medicaid-funded medical assistance and long-term care in FY 2003, while spending down their excess assets. (General Fund-State, General Fund-Federal)
5. **Don't Implement In-Home Waiver** - The 2001 Legislature authorized DSHS to seek federal authority to provide Medicaid-funded in-home care to up to 200 persons whose incomes are too high to qualify for such services under current rules. Because the waiver has not yet been approved and no one is

Department of Social and Health Services

Medical Assistance Payments

being served, the program will not be implemented. (General Fund-State, General Fund-Federal)

6. **Vendor Rate Change** - DSHS contractors will receive a 1.5 percent vendor rate increase in July 2002 rather than a 2.3 percent increase as originally budgeted. (General Fund-State, General Fund-Federal, Health Services Account)
7. **Increase Discount on AWP** - The average wholesale price (AWP) is the list price assigned to a drug by its manufacturer. Manufacturers typically sell the drug to wholesalers and retailers for substantially less than this list price, and most third-party payers in turn pay participating pharmacies a discounted percentage of the AWP. Washington's Medical Assistance Program has for a number of years paid 89 percent of the AWP for single-source drugs, and 89 percent of the AWP of the third lowest-priced generally available label for multiple-source drugs.

A recent study by the federal Office of the Inspector General (OIG) concluded that pharmacies in Washington are in fact paying an average of only about 79 percent of the AWP for single-source drugs, and 35 percent of the AWP for generics. The Governor's budget proposed reducing the Medical Assistance Program's payments to pharmacies to those levels. As an alternative, the legislative budget anticipates that the Medical Assistance Program will pay 86 percent of the AWP for single-source drugs and 50 percent of AWP for drugs for which there are at least four generic labels. Such rates are comparable to, and competitive with, those paid by the Uniform Medical Plan, and other major insurers. The budget further anticipates that the Medical Assistance Program will begin providing a mail-order pharmacy option for its clients no later than January 2003. This will result in a substantial discount on drug prices for taxpayers and increased convenience for elderly and disabled recipients with chronic conditions.

The Department may pay higher rates for drug ingredients than identified here, to the extent that the cost of the higher payment rates is offset by alternative cost-control mechanisms in the pharmacy program. Such alternative mechanisms must be: 1) developed in consultation with the state pharmacy association; 2) likely to prove effective, based upon the documented experience of other similar programs; and 3) not necessary to achieve the utilization and cost-control initiative savings targets already established for the pharmacy program. (General Fund-State, General Fund-Federal)

8. **OPPS Rate Reduction** - The outpatient prospective payment system (OPPS) is an incentive-based payment mechanism which pays for a "bundle" of procedures typically associated with a particular condition rather than for each specific procedure. Implementation is expected to reduce Medicaid outpatient expenditures by approximately 6 percent, but it has been delayed since April 2000 in order to minimize the burden on hospitals by assuring that the state system is consistent with the one required by the federal Medicare Program. Implementation is now not expected until April 2004. To

compensate for this, an across-the-board reduction in outpatient rates is to be implemented effective July 1, 2002, to approximate the savings which would occur had the system not been repeatedly delayed. (General Fund-State, General Fund-Federal)

9. **Direct Legal Immigrants to BHP** - The 1996 federal welfare and immigration reform legislation made some legal immigrants entering the country after 1996 ineligible for Medicaid for a five-year period. Washington's response was to use "state-only" funding to provide such families with the same level of medical coverage as they would receive if they qualified for the state/federal Medicaid Program. In accordance with Chapter 366, Laws of 2002 (SSB 6833 - Immigrant Medical Care), such coverage is terminated effective October 2002. The approximately 2,400 adults and 1,900 children affected by this termination will instead be eligible to enroll in some of the new Basic Health Plan (BHP) slots available as a result of the passage of Initiative 773. As required by federal law, those who do not obtain coverage through the BHP or other sources will continue to qualify for Medicaid coverage for emergency conditions.
10. **Direct Undocumented Children to BHP** - Since approximately 1989, Washington has used "state-only" funds to provide the same level of medical and dental coverage to children who are not in the country legally, and whose families have incomes below 100 percent of the federal poverty level, as the children would receive if they qualified for Medicaid. In accordance with Chapter 366, Laws of 2002 (SSB 6833 - Immigrant Medical Care), this coverage is terminated effective October 2002. The children will be eligible to enroll in the additional BHP slots which are available as a result of the passage of Initiative 773. As required by federal law, those who do not enroll in the BHP or obtain other insurance coverage will continue to be eligible for Medicaid coverage of emergent conditions.
11. **Maternity Support Services** - In accordance with Initiative 773, which directs that \$5 million per year is to be expended upon programs that address conditions which disproportionately affect the health of low-income persons, funding for Maternity Support Services (MSS) is transferred from the general fund to the Health Services Account. MSS includes preventative health services for pregnant and post-pregnancy women. Program services include inter-disciplinary needs assessment and intervention; childbirth education; and childcare during medical appointments, labor and delivery, and physician-ordered bed rest. (General Fund-State, Health Services Account)
12. **Interpreter Services Efficiencies** - As an alternative to the proposed elimination of funding for interpreter services in the Medical Assistance Program, the budget anticipates that the current method of purchasing interpreter services is replaced with a new "brokerage" model by January 2003 for all DSHS programs. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency and will also contract with intermediaries who will schedule and link

Department of Social and Health Services Medical Assistance Payments

interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates and also from better service coordination and utilization review.

Department-wide savings from this approach are estimated at \$2.6 million during the last six months of the current biennium and at \$5.4 million in 2003-05. (General Fund-State, General Fund-Federal)

13. **GA-U Medical Savings** - The DSHS Economic Services Administration is to make a number of administrative changes which will reduce the average length of stay for persons in the General Assistance for the Unemployed (GA-U) Program. This is expected to reduce the number of persons who receive state-funded medical assistance as a result of their GA-U enrollment by one-third by the end of FY 2003.

Department of Social & Health Services

Medical Assistance Payments

WORKLOAD HISTORY

By Fiscal Year

	1994	1995	1996	1997	1998	1999	2000	2001	Estimated	
									2002	2003
Categorically Needy	559,686	613,968	653,083	697,456	704,900	691,838	725,838	763,861	814,511	831,633
AFDC/TANF	329,660	329,519	320,540	310,247	286,965	254,023	257,490	266,029	270,470	271,726
Elderly	35,823	36,892	38,716	42,050	45,047	47,336	50,408	52,187	53,500	54,872
Disabled	85,454	91,261	94,848	94,962	95,010	96,640	100,187	105,958	113,214	118,494
Non-AFDC Children	75,602	121,343	162,748	211,707	239,487	254,069	276,272	294,436	327,540	351,410
Non-AFDC Pregnant Women	17,845	18,299	19,043	20,853	21,430	21,851	21,702	22,380	23,420	22,994
Undocumented Children	12,361	12,786	13,000	13,468	13,050	13,297	15,328	18,217	20,981	5,549
Medicare Beneficiaries	2,941	3,868	4,188	4,169	3,911	4,622	4,451	4,654	5,121	5,328
Breast & Cervical Cancer									55	134
Medicaid Buy-In									210	1,126
Medically Needy	17,012	14,425	11,395	10,245	11,059	11,596	12,566	13,473	14,424	15,003
AFDC-Related	5,822	3,895	1,433	0	0	0	0	0	0	0
Elderly	5,208	4,837	4,295	4,341	4,625	4,822	5,158	5,628	6,023	6,634
Disabled	5,537	5,559	5,576	5,765	6,356	6,650	7,299	7,761	8,318	8,286
All Others	445	134	91	139	78	124	109	84	83	83
Children's Health Insurance Program						2	355	3,360	6,184	9,425
General Assistance/ADATSA										
# Persons/Month	10,049	10,955	11,786	12,997	13,179	12,911	11,716	12,322	12,329	10,231
State Medically Indigent										
# Persons/Month	2,634	2,407	2,060	2,003	2,284	2,271	2,457	2,734	3,338	3,628
Refugees										
# Persons/Month	1,546	1,665	1,411	1,064	1,353	1,319	1,004	1,190	1,234	1,233
Total Eligibles per Month	590,927	643,420	679,735	723,765	732,775	719,935	753,936	796,940	852,020	871,153
% Change from prior year		8.9%	5.6%	6.5%	1.2%	-1.8%	4.7%	5.7%	6.9%	2.2%

Data Sources:

DSHS Budget Division, Office of Forecasting and Policy Analysis, November 2001 and March 2002 Forecasts, adjusted by legislative fiscal for eligibility changes adopted in 2002 session.

Department of Social and Health Services Vocational Rehabilitation

(Dollars in Thousands)

	GF-S	Other	Total
2001-03 Original Appropriations	21,089	84,098	105,187
Policy Changes			
1. Transfer to Services for the Blind	-406	-1,503	-1,909
2. Phase Out Extended Support Services	-163	0	-163
Total Policy Changes	-569	-1,503	-2,072
2001-03 Revised Appropriations	20,520	82,595	103,115
Fiscal Year 2002 Total	11,135	40,797	51,932
Fiscal Year 2003 Total	9,385	41,798	51,183

Comments:

1. **Transfer to Services for the Blind** - The Division of Vocational Rehabilitation (DVR) and the Department of Services for the Blind (DSB) have agreed to assign 14 percent of the annual federal vocational rehabilitation grant to DSB rather than 12 percent as in the past. This results in an allocation between the two programs more consistent with national averages and is expected to enable DSB to avoid the "order of selection" waiting lists under which DVR has operated since fall 2000. Reduction of DVR's federal allocation results in a corresponding reduction in the amount of state general funds needed to match the federal grant. The DSB will be able to match the additional federal revenues without an increase in its state general fund appropriation because of an interagency agreement with the School for the Blind. (General Fund-State, General Fund-Federal)
2. **Phase Out Extended Support Services** - The Extended Support Services Program provides subsidized sheltered employment for 89 adults whose cognitive and/or physical impairments and life experiences have prevented them from obtaining permanent employment in the regular workforce. As an alternative to elimination of the program July 1, 2002, the budget provides for it to be phased out over the course of the following year. This will provide families and case managers additional time to find alternative ways for the affected individuals to productively spend the workday.

**Department of Social and Health Services
Administration & Supporting Services**

(Dollars in Thousands)

	<u>GF-S</u>	<u>Other</u>	<u>Total</u>
2001-03 Original Appropriations	59,813	51,372	111,185
Total Maintenance Changes	75	13	88
Policy Changes			
1. IT Systems Streamlining	-1,503	-1,000	-2,503
2. Administrative Reductions	-5,547	-2,440	-7,987
Total Policy Changes	-7,050	-3,440	-10,490
2001-03 Revised Appropriations	52,838	47,945	100,783
Fiscal Year 2002 Total	30,419	26,383	56,802
Fiscal Year 2003 Total	22,419	21,562	43,981

Comments:

- 1. IT Systems Streamlining** - Information technology efficiencies will be achieved by centralizing purchasing and support functions that will result in greater economies of scale. In addition, a planned mainframe system change achieves savings by using existing technology platforms.
- 2. Administrative Reductions** - The Department shall implement reductions in administrative expenditures that achieve ongoing savings, reduce duplicative and redundant work processes and, where possible, eliminate entire administrative functions and offices. The Department may transfer amounts among sections and programs to achieve these savings provided that reductions in direct services to clients and recipients of the Department shall not be counted as administrative reductions. The Department shall report to the appropriate committees of the Legislature a spending plan to achieve these reductions by July 1, 2002, and shall report actual achieved administrative savings by December 1, 2002. (General Fund-State, General Fund-Federal)